GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1025
ANSWERED ON:29.04.2016
Consolidation of Banks
Hari Shri G.

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has proposed to identify six to ten public sector banks which will drive the consolidation process among the State owned banks, if so, the details thereof;

(b) whether the Government proposes to set up an expert panel for the said consolidated process, if so, the details thereof; and

(c) the time by which the whole consolidation process is likely to be completed?

Answer

The Minister of State in the Ministry of Finance

(a) to (c): The guiding principle for the consolidation process of banking in India has so far been the Narasimham Committee, according to which the move towards the restructured organisation of the banking system should be market-driven based on profitability considerations and brought about through a process of mergers & amalgamations (M&As). As far as merger of banks are concerned, any initiative with respect to merger of public sector banks has to come from the Boards of the banks concerned, the extant legal framework, keeping in view the synergies and benefits of merger and their commercial judgment.

Government's / Reserve Bank of India's role in the merger of banks would be that of a facilitator.
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